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DE RUEHDBU #1178 1770629  
ZNY CCCCC ZZH  
P 260629Z JUN 06  
FM AMEMBASSY DUSHANBE  
TO RUEHC/SECSTATE WASHDC PRIORITY 7913  
INFO RUCNCIS/CIS COLLECTIVE  
RUEHBJ/AMEMBASSY BEIJING 1676  
RUEHAK/AMEMBASSY ANKARA 1692  
RUEHNE/AMEMBASSY NEW DELHI 1588  
RUEHBUL/AMEMBASSY KABUL 1610  
RUEHIL/AMEMBASSY ISLAMABAD 1661  
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C O N F I D E N T I A L DUSHANBE 001178

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TDA FOR SCOTT GREENIP AND DAN STEIN  
STATE FOR SCA/CEN, EUR/SE, EB

E.O. 12958: DECL: 6/26/2016

TAGS: [PGOV](#) [ECON](#) [EINV](#) [EAID](#) [PREL](#) [TI](#) [RU](#)

SUBJECT: RUSSIAN BUSINESSES IN TAJIKISTAN: "WE HAVE A LOT OF TROUBLE  
HERE, TOO."

REF: A) DUSHANBE 1176 B) DUSHANBE 1067

CLASSIFIED BY: Thomas H. Armbruster, Charge d'Affairs, US  
Embassy Dushanbe, State.  
REASON: 1.4 (b), (d)

[11](#). (C) According to Vasiliy Beldugin, the Russian Embassy's Economic Counselor in Dushanbe, Russian companies experience the same problems with corruption and bureaucracy that frustrate other foreign investors. "Some people assume that because of the strategic partnership, Russian companies could do better business here. That's just not true." In an hour-long meeting with PolOff to discuss U.S. energy investments in Central Asia (ref A) observed that conditions are the same for Russian companies, despite the years of historical and commercial links.

[12](#). (C) Beldugin called corruption and contract enforcement the key obstacles to doing business in Tajikistan. Some Russian companies were successful, but others were not. Contracts have little meaning in Tajikistan, he noted citing the example of a Russian company that recently purchased 75% plus 1 shares of a cotton gin in northern Tajikistan. The government then cancelled the deal, referencing violations of the law when the deal was created. According to Beldugin, the Russian government provides no assistance programs to combat corruption in Tajikistan, other than with special military forces, but he declined to elaborate on those programs.

[13](#). (SBU) Russia remains Tajikistan's biggest economic partner, with \$300 million in annual trade, Approximately 50 Russian-Tajik joint ventures are registered in Tajikistan, but Beldugin admitted the majority only exist on paper. Two of the most successful joint ventures are Khujand-ZIL, which produces passenger busses and Eurasia Textile Ltd, which processes cotton.

[14](#). (SBU) The Russian Federation recently opened a six-member Trade Representative office to increase bilateral trade and establish direct links between Russian regions and the Tajik business community.

15. (C) COMMENT: Given all of Russia's economic leverage on Tajikistan, real or suggested, we would expect that Russian companies would enjoy a privileged position. However, Beldugin's remarks echo recent complaints by the Turkish Chargé (ref B) and suggest that Tajikistan needs more than just an "open door" to attract foreign investment. The fact that most foreign investor experience headaches entering the Tajik markets indicates post and other diplomatic missions have much more work to do to educate the Tajik government about creating an attractive business environment. END COMMENT.

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